



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

January 29, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

AB 811 IMPLEMENTATION – BI-MONTHLY REPORT FOR JANUARY 2010

On April 14, 2009, your Board directed the Chief Executive Office (CEO), in coordination with the Treasurer and Tax Collector (TTC), Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly status reports on progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811, Chapter 159 Statutes of 2008. In the July status report we indicated the reports would be issued bi-monthly.

Your Board also directed that the report should include: an implementation schedule that would permit the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Federal stimulus-related funding; an assessment of financial viability; and an inventory of other appropriate funding sources.

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Summary of Activities

Schedule Update

An updated table, indicating key milestones and updated implementation dates, is included below. TTC, ISD, County Counsel, and the CEO's Operations and Community and Municipal Services Clusters have been meeting on a regular basis as a team and with AB 811 Stakeholders to finalize implementation steps for a Countywide AB 811 Program (Program).

AB 811 Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
June 2009	Initiate Outreach to Other Cities and Stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD
July 2009	Initiate Financial Analysis	Program Financial Model	TTC
November 2009	Program Designer, Implementer under Contract	ISD Energy Support Services Master Agreement (ESSMA)	ISD
November 2009	Complete First Phase Outreach to Other Cities to Include in Resolution	After Board approval of the program, cities must adopt a Council Resolution agreeing to join the County's program to participate.	CEO, ISD, TTC
February 2010	Continue stakeholder outreach and education	Marketing, Outreach Projects Assessment by ISD County Office of Sustainability (ISD-COS) and Program consultants	ISD, Consultant
February 2010	Notification of Competitive Grant Awards	\$26 million under State Energy Program, \$75 under Federal program (\$30 million for L.A. County)	ISD
March 2010	File Resolution of Intention and Other Legal Documents	Resolution of Intention, Program Boundaries	TTC, County Counsel
		Program Technical Scope	ISD, Consultant
		Program Financial Report	TTC, CEO
		Form of Individual Contractual Assessment	ISD, County Counsel, TTC

AB 811 Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
		Form of Indenture	TTC, Bond Counsel
		Program Administrative Manual	ISD, Consultant, County Counsel
		County Assigned Delegated Representative to Sign Agreements	CEO, ISD
April 2010	Board Hearing to Establish District and Confirm Report (Policies and Financing Plan)	All documents final	TTC, ISD, Consultant
April 2010	Initiate Validation Lawsuit		Bond Counsel, County Counsel
June 2010	Conclude Validation Process		Bond Counsel, County Counsel
July 2010	Begin Financing Programs	Financing Available for Initial Loans	TTC, CEO, ISD

Stakeholder Outreach

Internal Services Department's County Office of Sustainability (ISD-COS), TTC, and CEO have been working with individual cities and Council of Governments (COGs) to provide further information and proposed next steps for those interested in joining the County's Program. To date the County group has met with the following COGs: San Gabriel Valley, South Bay Cities, Gateway Cities, Westside Cities, and Las Virgenes-Malibu. The group has also met individually with these cities: Los Angeles, Long Beach, Pasadena, Burbank, Santa Monica, Palmdale, Lancaster, and Santa Clarita.

An all-hands stakeholder meeting was held on December 7, 2009 at the Metropolitan Transit Authority Headquarters Board Room. ISD-COS, CEO, and TTC continue to meet with cities, COGs, and other stakeholders that will play a key role in fully implementing the AB 811 program throughout the region. These additional stakeholders include:

- Green Workforce Development organizations [Los Angeles Community College District, L.A. County Workforce Investment Board (WIB), L.A. City WIB, South Bay Cities (WIB)];
- Los Angeles Economic Development Corporation;
- Los Angeles Regional Collaborative;
- Los Angeles County Building Industry Association;
- Local labor representatives (Service Employees International Union 660, Los Angeles Building and Construction Trades Council, Green L.A. Coalition);
- Local utilities (Southern CA Edison, Southern CA Gas Company, Los Angeles Department of Water & Power);

Additional Grants in Support of AB 811

The County has applied for \$26 million in additional grants through the California Energy Commission State Energy Program (SEP). These grants are specifically designed to assist local jurisdictions that are implementing AB 811-type programs. Specifically, the County will apply for grant funding under the following programs:

- Funding (\$13.5 million) to reduce the loan rate to property owners under the Program; i.e., paying for initial operating and administration costs, providing a reserve fund for long-term project financing, and “buying down” the initial Program interest rates for homeowners.
- Funding (\$12.5 million) to implement the Program throughout the region especially in cities that have adopted a resolution to join the County’s Program. Implementation includes promotion of “whole house” energy programs to prioritize energy efficiency projects (before renewable projects) and to educate homeowners and simplify their decision making steps. This will be accomplished by offering various “tiers” of packaged energy programs which include: residential energy audits, benchmarking, inspections, and project installations to ensure optimum levels of energy efficiency are achieved in existing homes.

The SEP grant applications were submitted on December 21, 2009; award notifications will be made in early February of 2010.

The County also applied for a Federal Competitive EECBG. This grant program will make available \$380 million from the United States Department of Energy (DOE) to counties and cities that were eligible for the formula-allocated EECBG. Up to 20 grants will be awarded for amounts between \$5 and \$75 million. These grants will support model, regional programs that demonstrate greater participation in existing building retrofits (primarily residential), and greater energy efficiency savings per project.

Internal Services Department-COS, on behalf of the Countywide region, submitted a single, statewide application in collaboration with the Association of Bay Area Governments, the Sacramento County Association of Governments, and the San Diego Association of Governments for \$75 million. This proposal outlined a variety of statewide pilot programs that would promote greater participation in home energy retrofit programs. The application was endorsed by the California Air Resources Board, the California Energy Commission, and Governor Schwarzenegger. Award notifications will be made in February of 2010. If this grant is funded, the COS will act as the Statewide and Countywide region coordinator for the program funding. Out of the \$75 million grant request, approximately \$30 million is targeted for use in the County of Los Angeles.

Program Design, Implementation and Administration Contractor

Internal Services Department-COS has begun working with a Program consultant team selected under ISD's Energy Support Services Master Agreement (ESSMA) to design, implement, and administer the Program. The Countywide AB 811 Program consultant team consists of: Bevilacqua, Knight, Inc.; Renewable Funding; The Energy Coalition; Build It Green; and the South Bay Environmental Service Center. This team has been involved in the State's other AB 811 programs and also includes organizations with a strong background in implementing community energy efficiency programs in the County. The team will work with the COGs and other cities and other stakeholders to fully implement the Program throughout the region.

Financial and Bond Counsel Activities

Treasurer and Tax Collector's financial advisor has developed various financial models which assess the program's economic feasibility based on a number of variables including: dollar amount of projects financed, number of projects financed over time, interest rate for individual loan agreements, repayment period, administrative costs, timing of bond sales, and projected bond interest rates. The model is being reviewed by

the County's AB 811 consultant team and will be refined to include a number of other variables: use and impact of additional grants received; possibility of obtaining low-interest, initial financing; and impact on scaling up the Program to include other cities in the County.

Ultimately, the model will determine what loan rate should be charged to property owners and how to structure the Program to be self-sustaining through the Program life. As mentioned in the last report, the County team is evaluating the feasibility and benefits of the use of a cash subsidy or low-interest loan from the County's investment pool or other investment pool, and acquiring initial financing from other sources.

Bond Counsel has confirmed the priority status of contractual assessments under AB 811 and established the steps necessary for the County to develop a clean energy financing program. These findings were confirmed by Sonoma County's recently completed judicial validation proceeding and Sonoma County Superior Court decision.

Treasurer and Tax Collector is directing the completion of the County's Resolution of Intention (ROI) and all legal documents (listed in the AB 811 Milestone Timeline above). The team reviewing these documents includes: TTC, County Counsel, CEO, ISD, DPW, Bond Counsel, TTC's financial advisors, and the ISD-COS consultant team. The ROI and other legal documents will be submitted to the Board sometime in early to mid-March of 2010. A review period of at least 45 days must elapse after approval of the ROI before the Board can establish the Program; this would occur in mid to late April under the current schedule.

If you have any questions, or require further information on this matter, please contact me, or your staff may contact either Ellen Sandt, Deputy Chief Executive Officer at (213) 974-1186, or via e-mail at esandt@ceo.lacounty.gov or Lari Sheehan, Deputy Chief Executive Officer at (213) 893-2477, or via e-mail at lsheehan@ceo.lacounty.gov.

WTF:ES
LS:HC:os

c: Executive Office, Board of Supervisors
County Counsel
Department of Public Works
Internal Services Department
Treasurer and Tax Collector